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THE AGRICULTURAL SITUATION REVIEW Release Immediately

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ANNOUNCEMENT: How do things look as we go into the main crop growing month of the year? Well, if your telescope is powerful enough to enable you to see all over the 6 1/2 million farms in the United States you will see that things look different in different places. So we turn once again, as usual at the first of the month, to the report of the United States Department of Agriculture on the agricultural situation and leaf through its pages to see what we can find out about the business status of farming.

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"The crops now begin to show the variable conditions which usually develop in mid season," we read in the July report on the agricultural situation. "The warm weather of the last 10 days has made up for some lost time. Corn has made a fair start, on the whole. It is generally well cultivated but in Iowa was damaged somewhat last month by storms and in Ohio by drought. In Nebraska and Indiana it is late but coming along rapidly now. Haying is under way with reports of rather light crop from many eastern sections. Cotton has made fair progress, being helped by the recent warm weather. It is still considered somewhat late in the western belt but is generally in a fair state of cultivation.

"The bulk of the fruit supply this season apparently will come from the West. California grapes are already moving to market in good volume. The country's total production of apples and peaches promises to be about like last year. Citrous fruits will be much heavier.

"Wheat harvest is in full swing. The crop has matured early and so far has been cut under favorable conditions, barring some interruption by rains in eastern Kansas and Oklahoma. Threshing returns in the Southwest have shown irregular yields. However, the quality of the grain is high, being generally of good weight and having high protein content. Yields are poor in the Ohio Valley.

"Spring wheat has made good average growth to date, though conditions vary, as always. The young grain has suffered for lack of rain in eastern Montana and western South Dakota. The same is true also of southern Alberta and Saskatchewan. In Iowa it was damaged by storms. The outcome of the spring wheat crop will depend largely upon weather conditions during the next month.

"The continued low price of wheat is very discouraging to the West. Wheat has sold recently at the lowest since 1914 and nearly down to the 1907 figure. Growers are not disposed to hurry their threshing operations nor to sell grain in as heavy volume as usual on the early market. Terminal storage space is still

about half filled with old grain. World stocks of wheat are still relatively heavy, though they are probably 100,000,000 bushels smaller than a year ago -- this decrease being chiefly in Argentina which was offering large quantities of wheat in competition with American grain at this time last season."

Of course the chief interest of the farm world generally centers now on the wheat situation. These are the harvest months for the golden grain, and every one is anxious to know not only what the outcome of the harvest will be in bushels of wheat but what are the prospects for the price of the harvested grain.

In the Federal report for July we find a further section devoted to the wheat market situation in which we read as follows:

"The unusually weak domestic wheat market situation may be attributed principally to the continued slow European demand for the relatively large stocks of wheat still remaining in North America, the generally favorable prospects for the 1930 harvest, and an increasing movement of the new domestic wheat crop in the Southwest.

"Supplies of old wheat are not quite so great, but the 1930 crop in the Northern Hemisphere now promises to be about as large as last season. Export demand continues dull, and several European countries, including Germany, Italy, France, and Spain, are still maintaining almost prohibitive import restrictions or tariffs. Southern Hemisphere shipments are much smaller than a year ago, but these are being partially offset by larger Indian offerings.

"Space available for storage at the terminal markets is slightly less than a year ago, but there is probably more room in country elevators than at this time last season. Heavy marketings, unless export takings increase materially, may again cause some congestion at the terminals, and growers should watch the storage situation closely.

"Prices are at the lowest point since 1914, while the harvesting of the new crop of winter wheat is progressing rapidly northward."

The semi-annual pig survey of the Department has just been completed and the results announced. We haven't time to read the tables of all the findings of the survey for different states but it is worthwhile to note the general indication that this year's spring pig crop was about six per cent smaller than last year's. The decrease was about three per cent in the Corn Belt but was marked in the South. Indications are that the number of sows to farrow this fall will not differ greatly from the number farrowed last fall. With fewer spring pigs and with about eight per cent fewer old hogs on hand June 1 in the Corn Belt, some reduction in the number of hogs moving to market during this summer is indicated.

The third member of that famous farm trio, "the cow, the sow and the hen" seems to be doing well in the way of production this year. And, the market for her production strengthened a bit during June. The improvement, so the Department of Agriculture report tells us, is ascribed by the observers of the egg market primarily to a decrease in market receipts as compared with last year, an upward spring in the rate of consumption as compared with previous months,

and a reduction of the rate at which eggs have been going into storage.

The American public seems to have hit its egg-eating stride finally during the past month. That is the most encouraging feature of the situation. An interesting sideline on the decline of egg production which is sharper than normal during June of 1930 is that it is "partly a reflection of the attempt of farmers to increase their profits per bird through the elimination of unprofitable layers. This is substantiated by the large receipts of fowls at the principal markets during June."

Now the other member of that "cow, sow, hen" trio, the cow, also has been doing well as a producer -- almost too well. The markets for dairy products did not exhibit any strength in June. Of course few who follow the markets closely had much hope that dairy markets would firm up during the month. Here is the way the economists look at it:

"Wholesale prices have hung tenaciously at a low level and right at the moment are the lowest they have been in June since 1916, except for part of the month in 1921. The usual tendency in June is to show but little change from closing May prices, so the situation is not entirely a new one and probably not unexpected by those who follow markets closely. It is necessary to go back almost 10 years to find a period when June prices showed much fluctuation. Such did occur in 1920, 1921, and again in 1922, but aside from these three years, which represented a readjustment period following the war, June trends have all been remarkably steady. There has been a hope, of course, on the part of producers, that the price situation this year would change and that June, 1930, would be one of those months when the unusual would occur, but this hope is dispelled, so far as June is concerned, because conditions which influence changes upward have thus far prevented.

"As June draws to a close, it may be said that markets are unsettled and at low price levels, stocks of butter are heavy, stocks of other dairy products are fully ample although apparently not so burdensome as butter, and a production situation exists which is so uncertain as to require the closest watching. In view of this, and the usual trend of summer prices, any marked upward change of butter prices during the next month would at least be different than ordinarily occurs. Prices are very low, of course, but such a change would be the exception rather than the rule."

As the season wears along it becomes more apparent that probably the bulk of the fruit supply this year will come from the West. Nearly all California fruit crops will be much more plentiful than last season. The larger 1930 crop of grapes has already started marketward. Total United States production of peaches and apples promises to be about the same as in 1929, but pears will show a small increase. Citrous fruits will be much heavier than last season.

Movement of potatoes from the East and Middle West have been heavy. Cantaloupe supplies also have been abundant, and watermelon movement reached its peak about July 4. Prices of most products are quite moderate.

A Department of Agriculture economist who presented a very thoughtful and well-reasoned article two months ago in the agricultural situation report on the effects of the business situation on agriculture amplifies that article in this

month's issue of the pamphlet. Let me quote you the two paragraphs which contain the meat of what he has to say.

"In the preceding article it was stated that in so far as the lower level of business in 1930 has had an influence on agricultural prices, it has been most clearly seen in such commodities as cotton, butter, and meat animals; that in the case of cotton the reduction in industrial activity has been accompanied by a reduction in the domestic mill consumption of cotton and this reduced industrial demand, together with developments abroad were apparently important factors in depressing the price of cotton to a low point in the first part of 1930; that in the case of butter it was more the reduced purchasing power of consumers than increased production which brought about an accumulation of storage holdings and very low prices; and that the reduced purchasing power has recently also been reflected in lower prices of meat animals than usually prevail for such supplies as have been marketed so far this year.

"To the evidences of the influence of the 1929-30 business situation on agricultural prices mentioned above, it is now possible to add that the prices of the two major cash crops, cotton and wheat, have again declined to still lower levels during June, declines which though in part the result of prospective crop conditions, are again associated with the downward course of speculative industrial stock prices just as they were during the stock market crash of last fall, and with the further curtailment in industrial activity. It may also be pointed out that the decline in the general commodity price level has been reflected to some extent in the prices that farmers have to pay for the things they buy, and that farm wages are also somewhat lower because of the decline in city employment."

CLOSING ANNOUNCEMENT: You have been hearing the monthly report of the United States Department of Agriculture on the general farm situation throughout the United States. If you are interested in following the swings of the farm business situation from month to month you may obtain a copy of the July Agricultural Situation without charge by sending your request to this station. The Department of Agriculture makes a charge of twenty-five cents per year for regular subscription to this periodical.